

WASHINGTON STATE GAMBLING COMMISSION

RAFFLE

LICENSEE

TRAINING

The purpose of this handout is to introduce you to the rules governing the operation of RAFFLES in Washington State. This handout will include raffle rules, general rules, and record keeping requirements.

The date on the cover sheet of this handout indicates the latest revision to reflect rules changes by the Commission.

This material includes the following 230 WAC sections effective January 1, 2008:

- I. 230-06 Rules for All Licensees
- II. 230-07 Charitable and Nonprofit Rules
- III. 230-11 Raffles
- IV. Raffle Record Keeping Packet (GC2-150)
- V. Helpful "House Rules" for Raffles (GC2-356)
- VI. Suggestions for Avoiding Double Sales/Use Taxation (GC2-357)

Chapter 230-06 WAC

RULES FOR ALL LICENSEES

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

230-06-001	Defining "operator." [Statutory Authority: RCW 9.46.070. 06-17-132 (Order 601), § 230-06-001, filed 8/22/06, effective 1/1/08.] Repealed by 07-21-116 (Order 617), filed 10/22/07, effective 1/1/08. Statutory Authority: RCW 9.46.070.
230-06-115	Using checks or credit cards to purchase gambling equipment, products, or services. [AO 633 – 1/1/09 repealed: Statutory Authority: RCW 9.46.070. 06-17-132 (Order 601), § 230-06-115, filed 8/22/06, effective 1/1/08.]

RULES FOR CONDUCTING A GAMBLING ACTIVITY

WAC 230-06-002 "We," "our," and "us" mean the commission and staff. In this title, "we," "our," and "us" mean the designated commission staff. If a rule refers to the powers or duties of the commissioners or the director or director's designee, the rule states specifically "commissioners" or "director or director's designee."

WAC 230-06-003 Defining "cash." "Cash," when used as a noun in this title, means currency in the form of coins or bills issued by the government of the United States or Canada only and does not include electronic, digital or other representations of money or other methods of payment.

WAC 230-06-004 Defining "consecutively numbered," "consecutive," and "consecutively." (1) "Consecutively numbered" means a numbering system normally beginning with the number one, increased by one

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for each unit added to the group, and ending with a number equal to the total number of units in the group.

(2) "Consecutive" and "consecutively" mean one after the other without gaps.

WAC 230-06-005 Accept checks in gambling activities. (1) Licensees may accept a check in the place of cash from a player for authorized gambling activities if the check is fully negotiable when it is accepted and is:

(a) From the player's personal account and is dated the same day; or

(b) Issued by a government agency or by a business, such as a payroll check.

(2) Licensees must not accept:

(a) Third-party checks drawn on a personal account or counter checks; or

(b) Checks from a player who owes the licensee money from a previous returned personal check. If licensees use check guarantee and collection services, this subsection does not apply.

(3) If licensees accept a check in violation of the provisions of this section, they are violating the rules against extending credit.

WAC 230-06-007 Licensed employees must wear nametags. (1) Licensed employees must wear a nametag when working or playing cards at their place of employment.

(2) Off-duty card room employees do not have to wear a nametag while playing if the card room operator clearly posts a sign stating, "Employees of this card room may participate in the card games while off-duty as players. Upon your request, the card room floor person will identify any employee playing cards."

(3) The nametag must:

(a) Be provided by the operator; and

(b) Be a minimum of three inches by two inches; and

(c) Display at least the employee's first name; and

(d) Display the employer's name; and

(e) Be worn on the employee's chest; and

(f) Be clear and visible to the players in the gambling activity.

(4) The employee and operator are equally responsible to ensure the nametag is properly displayed.

WAC 230-06-010 Age restrictions for players. No person must allow anyone under the age of eighteen to participate in gambling activities except:

(1) To play in licensed bingo games when accompanied by an adult member of his or her immediate family or a guardian, who is at least eighteen years old:

(a) "Immediate family" means only the spouse, parents, or grandparents of an individual; and

(b) "Guardian" means only a court-appointed, legal guardian of an individual; or

(2) To play bingo at agricultural fairs or school carnivals; or

(3) To play amusement games; or

(4) To sell raffle tickets for a charitable or nonprofit organization that:

(a) Has development of youth as a primary purpose; and

(b) Has at least three members or advisors who are at least eighteen years old and who supervise the operation of the raffle; and

(c) Has an adult member or advisor designated as the manager for the raffle.

WAC 230-06-011 Detaining and identifying persons under eighteen years of age engaging in or attempting to engage in authorized gambling activities. When issuing civil infractions under RCW 9.46.228, gambling commission special agents or peace officers may detain persons for a reasonable period of time and in a reasonable manner to determine the person's true identity and date of birth if the special agent or peace officer has reasonable grounds to believe that:

(1) The person is under eighteen years of age; and

(2) The person is, or has played or participated in, or is attempting or has attempted to play or participate in authorized gambling activities including, but not limited to, punch boards, pull-tabs, card games, or fund-raising events.

WAC 230-06-012 Conducting underage compliance test programs with minors. (1) Licensees may conduct in-house controlled purchase programs (underage compliance test programs) to test their employee's compliance with RCW 9.46.228 that makes it unlawful for any person under the age of eighteen to play punch boards, pull-tabs, card games, or participate in fund-raising events.

(2) Licensees must:

(a) Have written procedures for conducting underage compliance test programs.

(i) Class F or house-banked card game licensees must include the procedures in their internal controls; or

(ii) Licensees not required to have internal controls must submit their procedures to us prior to conducting an underage compliance test and keep a copy of the procedures on the licensed business premises; and

(b) Provide employees a written description of the employer's underage compliance test program. The written description must include notice of actions an employer may take as a consequence of an employee's failure to comply with company policies regarding unauthorized persons engaging in gambling activities during an underage compliance test; and

(c) Provide written notification (letter, e-mail, or fax) to us before conducting the test. The notification must include:

(i) Licensee name; and

(ii) Date and time of test; and

(iii) Last name and first initial of the person used in the test; and

(iv) First and last name of the person supervising the person used in the test; and

(d) Maintain on the licensed business premises for at least one year, and produce upon request, the following information for each test conducted:

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- (i) A copy of the photo identification, which must include the birth date, of the person used in the test; and
- (ii) The results; and
- (e) Only use underage persons who are sixteen or seventeen years old at the time of the test.

(3) Licensees with a minimum gambling age of twenty-one must follow the procedures in subsections (1) and (2) of this section, except for subsection (2)(e) of this section, if they use persons who are at least eighteen years of age but less than twenty-one years of age to conduct underage enforcement tests.

WAC 230-06-015 Prevent intoxicated persons from operating or playing gambling activities. Licensees must not allow any person who appears to be intoxicated or under the influence of any narcotic or other substance to operate or play any gambling activity.

WAC 230-06-020 Restrictions on alcohol as prizes. Licensees must not offer or award beverages that contain alcohol as a prize or in place of a prize for any gambling activity except:

- (1) Dice or coin contests for music, food, or beverage payment as authorized by RCW 9.46.0305; and
- (2) Unlicensed members-only raffles authorized by RCW 9.46.0315, but only if the liquor control board granted the appropriate permit; and
- (3) Other gambling activities where the liquor control board has authorized alcohol as a prize.

WAC 230-06-025 Restrictions on firearms as prizes. Only charitable or nonprofit organizations operating a raffle may award firearms, air guns, or other mechanical devices which are capable of discharging dangerous projectiles, including but not limited to, BB or CO₂ guns, rifles, shotguns, pistols or revolvers, or crossbows as a prize. If the prize awarded is restricted from transfer by state or federal law, the licensee must award the winner a certificate, redeemable by a licensed firearms dealer, for the prize offered.

WAC 230-06-030 Restrictions and conditions for gambling promotions. Licensees may conduct gambling promotions to encourage players to participate in a gambling activity, but you must follow these restrictions and conditions:

- (1) You must give all players an equal opportunity to participate; and
- (2) You must establish standards to determine how you will give promotional items to players. You must not give the items based on an element of chance, such as a drawing or spinning wheel, unless you are doing so as part of a bingo game; and
- (3) You must not give another chance to participate in a gambling activity as a promotional item; and
- (4) You must display all rules or restrictions clearly in the gambling area and include them on promotional materials or advertisements; and
- (5) You must not combine gambling activities and related gambling promotions in any way with a promotional contest of chance as defined in RCW 9.46.0356.

WAC 230-06-031 Using wheels in promotional contests of chance, fund-raising events, or gambling activities.

Promotional contests of chance (PCOCs)

(1) Operators may use wheels specifically manufactured for a promotional contest of chance (PCOC), whether commercially made or home made.

(2) Operators must not use professionally manufactured wheels made specifically for gambling activities (for example, Big 6 Wheels) in PCOCs unless they receive permission ahead of time from us.

Fund-raising events

(3) Operators may use commercially made wheels in gambling activities for fund-raising events.

Separation of PCOCs from gambling activities and promotions

(4) No wheel may be used in conjunction with their gambling activities by:

- (a) Card room licensees; or
- (b) Pull-tab licensees.

Card rooms, pull-tabs, bingo, raffles

(5) Licensees and operators must not use professionally manufactured wheels made specifically for gambling activities (for example, Big 6 Wheels) in:

- (a) Bingo; or
- (b) Card games; or
- (c) Pull-tabs.

(6) Operators may use commercially made or home made wheels as part of drawings for prizes, good neighbor prizes, or second element of chance prizes as part of bingo games, as set out in WAC 230-10-280.

(7) Raffle licensees and operators may use:

- (a) Other types of wheels, such as paddle wheels, in raffles; and
- (b) Commercially made or home made wheels in an alternative drawing format for determining the winner of a raffle. Alternative drawing formats are set out in WAC 230-11-055 and 230-11-060.

WAC 230-06-035 Credit, loans, or gifts prohibited.

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.

(2) Gifts are items licensees give to their customers. Licensees must not connect these gifts to gambling activities we regulate unless the gifts are:

- (a) Gambling promotions; or
- (b) Transportation services to and from gambling activities; or
- (c) Free or discounted food, drink, or merchandise which:
 - (i) Costs less than five hundred dollars per individual item; and
 - (ii) Must not be traded back to you for cash; and

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(iii) Must not give a chance to participate further in an authorized gambling activity.

(3) You must collect the price required to participate in the gambling activity in full before allowing someone to participate. Licensees must collect cash, check, gift certificate, gift card, or electronic point-of-sale bank transfer.

(4) If the price paid for the opportunity to play a punch board or pull-tab series is ten dollars or less, licensees may collect the price immediately after the play is completed.

(5) If a charitable or nonprofit organization has a regular billing system for all of the activities of its members, it may use its billing system in connection with the playing of any licensed activities as long as the organization limits play to full and active members of its organization.

(6) Charitable or nonprofit organizations may allow credit cards, issued by a state regulated or federally regulated financial institution, for payment to participate in raffles.

WAC 230-06-045 Conduct gambling activities on licensed business premises only. (1) Licensees must conduct all gambling activities, except for raffle ticket sales, on the licensed business premises.

(2) Charitable or nonprofit organizations licensed to conduct bingo and punch board and pull-tab games may sell punch boards and pull-tabs to customers of a licensed card room if the charitable or nonprofit organization:

- (a) Shares a common wall with the card room; and
- (b) Controls all doors, counters, or windows allowing customer access through the common wall between the two premises and the charitable or nonprofit organization can securely close and lock the doors, counters, or windows; and
- (c) Keeps and sells the punch board and pull-tab games and redeems prizes only on their licensed business premises. Punch board and pull-tab players may take already purchased punch boards and pull-tabs into the card room area; and
- (d) Allows only its employees to sell the punch board and pull-tabs; and
- (e) Posts signs at the door, window, or counter common to the two business premises that clearly notify customers of the organization's identity.

WAC 230-06-046 Additional requirements for licensed business premises of class E, F, and house-banked card rooms. (1) The licensed business premises of class E, F, and house-banked card rooms may not be adjacent to each other if each licensed business premises:

- (a) Shares inside public access between the two licensed business premises; or
 - (b) Has employee access between the two licensed business premises visible to the public; or
 - (c) Shares windows or similar structures that allow customers to see into the other licensed business premises.
- (2) Subsection (1) of this section does not apply to class E, F, and house-banked card room physical locations that have any of the features listed in subsection (1) of this section and were licensed on the effective date of this rule.

(3) Adjacent card rooms must post signs at each entrance that is accessible by the public to clearly notify customers of the licensed business premises' identity.

WAC 230-06-050 Review of electronic or mechanical gambling equipment. (1) Persons who wish to submit gambling equipment, supplies, services, or games for our review to verify compliance with chapter 9.46 RCW and Title 230 WAC must pay the application deposit before we perform the review. They must also reimburse us for any additional costs of the review.

(2) We may require manufacturers to submit certain electronic or mechanical gambling equipment for review. The equipment must meet technical standards for compliance, accuracy, security, and integrity. To allow for continued testing and training, staff may keep any equipment submitted for review for as long as the equipment remains in play in Washington. The manufacturers must reimburse us for any costs of the review. The commissioners and commission staff are not liable for any damage to equipment while in our possession.

(3) Licensees must operate equipment identical to the version the director or director's designee approved.

(4) If persons submitting equipment do not agree with the director or director's designee's decision, they may file a petition for declaratory order with the commission to be heard as a full review (*de novo*) by an administrative law judge, according to RCW 34.05.240 and chapter 230-17 WAC.

WAC 230-06-051 Computation of time. (1) When a period of time is in commission rules, orders, or statute, the period begins to run on the day after the act, event, or default. The last day of the period is included, unless it is a Saturday, Sunday or a legal holiday, in which case the period runs until the end of the next day that is not a Saturday, Sunday or a legal holiday.

(2) When the period is less than seven days, exclude Saturdays, Sundays and legal holidays in the calculation.

(3) This section does not apply to periods of license suspension.

NOTIFYING LAW ENFORCEMENT, POSTING PUBLIC NOTICES, AND RECORDKEEPING

WAC 230-06-055 Notify law enforcement of gambling activity. (1) Licensees must notify local law enforcement agencies, in writing, that they have been licensed before they begin to conduct any activity under the license.

(2) Licensees must notify local law enforcement agencies of the:

- (a) Address where they will conduct the gambling activity; and
- (b) Type of gambling activity licensed; and
- (c) First date they will conduct the gambling activity; and

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(d) Proposed schedule for the operation of the gambling activity if they plan to conduct the activity on a regular basis.

(3) Licensees must not conduct the activity until they have made the notification.

WAC 230-06-060 Maintain copy of commission rules on business premises. Licensees must maintain a current version of our rules on their business premises. If any person asks to see our rules, the licensee must produce the rules for that person.

WAC 230-06-065 Displaying of licenses. (1) Licensees must prominently display originals or copies of all gambling activity licenses or permits we have issued in the gambling area of their business premises.

(2) Licensees must have the licenses and permits ready for inspection by us, other law enforcement personnel, and the public at all times.

(3) Card room employers may choose not to display employee licenses, but must maintain all card room employees' licenses, proof of licensing, or applications if we have not issued a license, on the licensed premises at all times.

WAC 230-06-070 Keep monthly records. Every person or organization licensed to operate any gambling activity must maintain permanent monthly records of all financial transactions directly or indirectly related to gambling activities. The licensee must include all financial transactions in enough detail to prove compliance with recordkeeping requirements for the specific gambling activity.

(1) Every licensee must record for each licensed activity:

- (a) The gross gambling receipts; and
- (b) Full details on all expenses; and
- (c) The total cost of all prizes paid.

(2) Commercial stimulant licensees must also record:

- (a) Gross sales of food and drink for consumption on the business premises; and
- (b) Gross sales of food and drink for consumption off the business premises; and
- (c) Gross sales from all other business activities occurring on the business premises.

(3) Licensees must record each licensed activity separately and include all transactions occurring during the calendar month. Licensees must complete these records and have them available for audit or inspection by our agents or other law enforcement no later than thirty days following the end of each month.

(4) Licensees must include copies of all additional financial data which support tax reports to any governmental agency.

(5) Licensees must maintain each of these records for at least three years from the end of the fiscal year.

WAC 230-06-071 Washington state identification and inspection stamps to be called "I.D. stamps." We will refer to Washington state identification and inspection stamps as "I.D. stamps" throughout these rules.

WAC 230-06-074 Assistance required for commission inspections. When we arrive to conduct an inspection, the person or business under review must immediately provide:

- (1) All requested documents or equipment; and
- (2) A safe place with adequate space where we may perform the inspection; and
- (3) Reasonable assistance to us.

WAC 230-06-075 Removal of equipment or records for inspection. (1) If we believe with a reasonable probability that you, your employees, or your members are violating or have violated the provisions of chapter 9.46 RCW, its amendments, or any of our rules, we may remove, inspect, and investigate any records, equipment, parts, and devices of any nature located on your premises that relate to the licensed activity or any other gambling activity.

(2) We also may remove records from your premises or your control in order to facilitate our review of the records.

(3) If we receive a written request from you, we will provide you with copies of retained records.

(4) After the case is resolved, we will return all records, equipment, parts, and devices to the premises or to your address.

REPORTING CHANGES TO APPLICATION INFORMATION

WAC 230-06-080 Report changes to application information and submit updated documents and information. (1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

(b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington; and

(c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations; and

(d) Internal Revenue Service tax deductible status of contributions for charitable and nonprofit organizations.

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WAC 230-06-083 Card game licensees reporting changes in licensed employees. Card game licensees, except Class B or Class D must:

(1) Submit an add/transfer application and the required fees before allowing a licensed card room employee to begin working.

(2) Notify us in writing when a licensed card room employee no longer works for them. We must receive the notice at our Lacey office within ten days of the card room employee terminating employment.

REPORTING CRIMINAL, ADMINISTRATIVE, AND CIVIL ACTIONS

WAC 230-06-085 Report criminal actions filed. (1) Licensees must report to us in writing within thirty days all criminal actions filed against the licensee, any manager of the licensed gambling activity, the business organization, or any person holding a substantial interest in the business organization.

(2) We must receive a copy of the final written decision or settlement within thirty days after the case is resolved.

WAC 230-06-090 Report administrative and civil actions filed. (1) All licensees must report to us in writing within thirty days all administrative actions filed against them by other gambling regulatory agencies, including those from other countries and Indian tribes.

(2) Licensed organizations must report to us in writing within thirty days all civil and administrative actions that are filed by or against any manager of the licensed gambling activity, the business organization, or any person holding a substantial interest in the business organization. Actions include, but are not limited to:

- (a) Divorces; and
- (b) Bankruptcy; and
- (c) Tax liens; and
- (d) Business dissolutions.

(3) The report must consist of a complete copy of the original documents filed. Licensees must notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) For cases involving patent infringement on gambling equipment, licensees must send only the final written decision or settlement.

(5) We must receive a copy of the final written decision or settlement within thirty days after the case is resolved.

CHANGING NAMES OR LOCATIONS

WAC 230-06-095 Change name, trade name, or corporate name. Licensees must notify us and pay a fee for any name change as follows:

(1) Businesses and organizations changing their trade or corporate name - at least thirty days before the actual change date;

(2) Individuals changing their name - no later than thirty days after the effective date of the change.

WAC 230-06-100 Changing business locations. (1) Licensees must apply to us and pay a fee to change the location of their licensed business premises. Licensees must receive our approval before changing the business location.

(2) Commercial amusement game licensees may add or delete from the list of locations for which we issued their license without paying a fee.

CHANGING MANAGEMENT OR OWNERSHIP

WAC 230-06-105 Report change of management. (1) Licensees must report in writing changes made to their organization's management, directors, officers, or any other position that makes management decisions directly affecting the operation of their licensed gambling activity. We provide the forms to report these changes.

(2) If you are a commercial business licensee, you must report within thirty days.

(3) If you are a charitable or nonprofit organization licensee, you must report the changes when renewing your annual license.

SALES AND TRANSFERS OF EQUIPMENT, PRODUCTS, AND SERVICES

WAC 230-06-106 Limited transfers of ownership allowed. Gambling licenses must not be transferred to another person or entity until the licensee requesting the transfer has received written approval from us. All requests to transfer a license must be in the format we require. Licensees may request to transfer a gambling license under the following conditions:

Commercial businesses

(1) A commercial business may request to transfer their license to another business when:

(a) The ownership is exactly the same for both businesses, for example a partnership becomes a limited liability company (LLC); and

(b) The licensed gambling activity will be conducted at the same business premises.

Charitable or nonprofit organizations

(2) A bona fide charitable or nonprofit organization may request to transfer their gambling license to another bona fide charitable or nonprofit organization after a completed merger or consolidation.

Partnerships

(3) If one partner in a partnership leaves and is not replaced, the remaining partner(s) must submit a transfer application to document the transfer of ownership to the remaining partner(s).

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Sole proprietorship

(4) A sole proprietor may request to transfer their license to a partnership, corporation or LLC, which is solely owned by the same person.

Death, bankruptcy and other special circumstances

(5) A licensed operator may transfer their license when proven incapacity, death, receivership, bankruptcy or assignment for benefit of creditors to a court-appointed or court-confirmed guardian, executor or administrator, receiver, trustee, or assignee for the benefit of creditors occurs. The person to whom the license is transferred may continue to operate under the license.

- (a) Transfers are allowed when:
 - (i) A transfer fee is paid; and
 - (ii) The person to whom the license is transferred is qualified to hold a gambling license; and
 - (iii) We give prior written approval.
- (b) The license is renewable based on the original expiration date of the license; and
- (c) Any transferred license will be void when the person to whom the license was transferred no longer holds the court-appointed, or court-confirmed, position.

WAC 230-06-107 Ownership changes--Allowed. A licensee must report any change in ownership when the change would result in any person or organization becoming a substantial interest holder. Changes in ownership are allowed under the following conditions:

Ownership changes to be reported

- (1) The following changes must be reported to us when:
 - (a) A person or organization becomes a substantial interest holder when they were not a substantial interest holder immediately before the transaction; or
 - (b) A substantial interest holder purchases any additional stock.

Reporting requirements

- (2) Each notification must:
 - (a) Be submitted in writing on a form provided by us within thirty days of the close of a change of ownership; and
 - (b) Include the required fee; and
 - (c) Include:
 - (i) **For corporations**--A copy of the meeting minutes detailing the change of ownership; or
 - (ii) **For limited liability companies (LLC)**--An amended LLC agreement that includes the new member(s).

New owners must qualify for a license

(3) The gambling license(s) of any corporation or LLC in which a person holds or acquires a substantial interest may be revoked if the new person is not qualified to hold a gambling license.

Review and investigation

(4) An investigation of each transaction will be conducted by us to determine the details of the transaction and the qualifications of each substantial interest holder.

WAC 230-06-108 Ownership changes – Prohibited.

All gambling licenses held by a business will become void when the following changes in ownership occur and a new license must be obtained before operating any gambling activities:

- (1) A person or business becomes the owner of more than fifty percent of corporate stock or limited liability membership shares/units, when the person or business did not have at least the following substantial interest in the business immediately before the transaction:
 - (a) Ten or more percent ownership in a privately held corporation or limited liability company (LLC); or
 - (b) Five or more percent ownership in a publicly traded corporation or LLC; or
- (2) The business is sold; or
- (3) A sole proprietorship brings in a new person and forms a partnership, corporation or LLC; or
- (4) A partnership adds another partner or changes partners; or
- (5) A change in a person's ownership, together with ownership of any members of his or her immediate family, who are under the age of eighteen years of age, results in the person having more than fifty percent interest in the business when the person did not have at least the following substantial interest in the business:
 - (a) Ten or more percent ownership in a privately held corporation or LLC; or
 - (b) Five or more percent ownership in a publicly traded corporation or LLC.

WAC 230-06-109 Sales invoices for merchandise prizes. Operators may purchase merchandise prizes from a licensed or unlicensed distributor or business. The sales invoice or receipt must include at least the following information:

- (1) The date of purchase; and
- (2) The seller's name and complete address; and
- (3) A full description of each item purchased; and
- (4) The quantity of items purchased; and
- (5) The cost per individual items purchased.

WAC 230-06-110 Buying, selling, or transferring gambling equipment. (1) All licensees and persons authorized to possess gambling equipment must closely control the gambling equipment in their possession.

(2) Before selling gambling equipment, licensees must ensure that the buyer possesses a valid gambling license or can legally possess the equipment without a license.

(3) Before purchasing gambling equipment, licensees must ensure that the seller possesses a valid gambling license.

(4) Applicants for Class F or house-banked card room licenses may purchase and possess gambling equipment during the pre-licensing process, but only after receiving written approval from us.

Rules for All Licensees

(5) Charitable and nonprofit organizations conducting unlicensed bingo games, as allowed by RCW 9.46.0321, may possess bingo equipment without a license.

(6) Licensees may transfer gambling equipment as a part of a sale of a business as long as a condition of the sale is that the buyer receives a gambling license before the sale is complete. Licensees must make a complete record of all gambling equipment transferred in this manner, including I.D. stamps. Licensees must report these transfers, including a copy of the inventory record, to us.

WAC 230-06-120 Selling or transferring gambling equipment when no longer licensed. (1) If we have revoked your operator or distributor license, your license has expired, or you have voluntarily surrendered your license, you may only sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor.

(2) Transfers of gambling equipment in this manner are subject to the following requirements:

(a) The transfer must be complete within thirty days of the date the license became invalid; and

(b) Distributors must use the cash or credit against amounts they owe manufacturers; and

(c) Operators or distributors selling the equipment must report to us within ten days of the transaction a complete inventory of all the gambling equipment transferred, including commission I.D. stamps; and

(d) Manufacturers or distributors receiving the equipment must prepare a credit memorandum and retain it with their records.

LICENSE RENEWALS

WAC 230-06-125 Renew your license in a timely manner. (1) Licensees must ensure a properly completed renewal application and all applicable fees are received at our administrative office in Lacey at least fifteen days before the expiration date on their license.

(2) If licensees do not submit a properly completed application and all fees and their license expires, they must immediately stop the gambling activity covered by their license.

(3) If your license expires, you must submit an application and you must not operate any gambling activity until a new license is issued.

WAC 230-06-130 Exceeding license class. (1) Licensees must not exceed the gross gambling receipts limits for their license class during any annual license period.

(2) Licensees must apply a projection of year-to-date receipts to the remaining period of their license and, if it indicates that it is reasonably likely that they may exceed their license, they must immediately:

(a) Apply for a license that authorizes the anticipated level of gross gambling receipts; and

(b) Submit the fee required for the new license, minus the amount originally submitted for the previous license, plus a change of classification fee.

(3) If we issue a license upgrade, it is valid only for the remainder of the original term of the license.

(4) Licensees may exceed license class limits once, by the amount shown in the fees table, without having to upgrade or pay the penalties as long as they upgrade to the higher license class the next time they renew their license.

WAC 230-06-135 Failing to apply for license class upgrade. (1) If licensees fail to apply for a license class upgrade and exceed the license class limit within a present or previous license year, we assess an additional fee. We charge an additional fee of up to fifty percent of the difference between the fee for the present license class and the new license class, or one thousand dollars, whichever is less.

(2) Licensees must pay any required license class upgrade fee, plus any additional fee required by subsection (1) of this section, within thirty days of our notification.

(3) Failure to pay the fees may result in an immediate summary suspension of all licenses.

WAC 230-06-140 Partial refund of license fees if gambling receipts limit not met. (1) Licensees may apply for a partial refund of their license fee when their annual gross gambling receipts are less than the minimum for the class of license we issued to them.

(2) Licensees may receive a refund for the difference between the fees actually paid and the fees that would normally apply to the level of gross gambling receipts actually received during the period.

(3) Licensees may make their request for refund after the end of any annual license period and before the end of the next annual license period.

WAC 230-06-145 Surrendering suspended or revoked licenses. If we suspend or revoke your license, you must, on demand, surrender the license and return it to us.

WAC 230-06-150 Defining "gross gambling receipts." (1) "Gross gambling receipts" means the amount due to any operator of a gambling activity for:

(a) Purchasing chances to play a punch board or pull-tab series; and

(b) Purchasing chances to enter a raffle; and

(c) Fees or purchase of cards to participate in bingo games; and

(d) Fees to participate in an amusement game, including rent or lease payments paid to licensees or franchisers for allowing operation of an amusement game on their premises; and

(e) "Net win" from a house-banked card game; and

(f) Tournament entry fees; and

(g) Administrative fees from player-supported jackpots; and

(h) Fees to participate in a nonhouse-banked card game (for example, time, rake, or per hand fee).

(2) The amount must be stated in U.S. currency.

(3) The value must be before any deductions for prizes or other expenses.

Rules for All Licensees

(4) "Gross gambling receipts" does not include fees from players to enter player-supported jackpots. However, any portion of wagers deducted for any purpose other than increasing current prizes or repayment of amounts used to seed prizes are "gross gambling receipts."

WAC 230-06-155 Defining "gross sales." (1) "Gross sales" means the amount received for all nongambling goods and services sold or occurring on the premises.

(2) The amount must be stated in U.S. currency minus any sales taxes or discounts.

(3) Income received from sales made on behalf of others or in partnership with third parties, commission income, or income splitting schemes, must be recorded at the net amount realized.

WAC 230-06-160 Defining "net gambling receipts." "Net gambling receipts" means all gross gambling receipts from any gambling activity minus:

- (1) The value for cash prizes; and
- (2) The actual cost of any merchandise prizes that were awarded.

WAC 230-06-165 Defining "net gambling income."

(1) "Net gambling income" means net gambling receipts minus all other expenses related to the operation of a licensed activity paid out during the same reporting period.

(2) Expenses must be reported on the accrual basis if the records are normally maintained on that basis.

WAC 230-06-170 Defining "net win." "Net win" means gross wagers received from gambling activities or fund-raising events minus the:

- (1) Amount paid to players for winning wagers; and
- (2) Accrual of prizes for progressive jackpot contests; and
- (3) Repayment of amounts used to seed guaranteed progressive jackpot prizes.

WAC 230-06-175 Defining "cost." (1) "Cost" means the amount paid or owed by the purchaser, for any gambling or nongambling product or service, at the time of the transaction and documented on the sales receipt/transfer document.

- (2) "Cost" does not include:
 - (a) Sales taxes paid by the purchaser; or
 - (b) Any markup or value added by the purchaser.

Chapter 230-07 WAC

CHARITABLE AND NONPROFIT RULES

WAC

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RECORDKEEPING FOR LOWER VOLUME LICENSEES

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RECORDKEEPING AND ACCOUNTING STANDARDS

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WAC 230-07-001 Defining "charitable or nonprofit licensee." In this section of the rules, "charitable or nonprofit licensees" means the same as a

bona fide charitable or nonprofit organization as defined in RCW 9.46.0209.

WAC 230-07-005 Defining "licensees," "licensee," "organizations," and "organization." (1) In this chapter of the rules, "licensee" and "licensees" means those charitable or nonprofit organizations which we require to be licensed to conduct gambling activities. (2) In this chapter, "organization" and "organizations" means: (a) Licensees; and (b) All bona fide charitable or nonprofit organizations conducting unlicensed gambling activities authorized by chapter 9.46 RCW.

WAC 230-07-010 Use of gambling proceeds. (1) Except qualified agricultural fairs, charitable or nonprofit organizations must use all net income from gambling activities remaining after paying necessary expenses of operating the gambling activities exclusively for the lawful purpose(s) of the organization stated on the organization's license application. (2) Licensees may conduct a gambling activity for the charitable benefit of specific person(s) whom the licensee has listed as recipient(s) of the proceeds, or a specified portion of the proceeds, if licensees obtain approval from us before they conduct the activity.

WAC 230-07-015 Regulatory group assignments. (1) We assign charitable or nonprofit licensees to regulatory groups based on the annual gross gambling receipts for their combined licensed activities. (2) Licensees must comply with requirements applicable to the regulatory group to which we have assigned them. The regulatory groups are:

(a) Group I	Combined annual gross receipts up to three hundred thousand dollars.
(b) Group II	Combined annual gross receipts up to one million dollars.
(c) Group III	Combined annual gross receipts up to three million dollars.
(d) Group IV	Combined annual gross receipts up to five million dollars.
(e) Group V	Combined annual gross receipts over five million dollars.

WAC 230-07-020 Making "significant progress." Charitable or nonprofit licensees must make "significant progress" toward their stated purpose. They have made "significant progress" when they have:

- (1) Complied with all requirements set forth in their bylaws and articles of incorporation; and
- (2) Actively engaged in providing services to the public or their members during the fiscal year under review, and the services directly relate to the stated purposes of the organization; and

Charitable and Nonprofit Rules

(3) Held elections to select officers at least once in the previous two years; and

(4) Held a general membership meeting to conduct the business of the organization at least once in the previous two years; and

(5) Used a substantial portion of the licensee's "available resources" for providing program services during the fiscal year under review. For purposes of this section, "available resources":

(a) Include the income generated by or from:

(i) The net of all activities used to raise funds, including net gambling income; and

(ii) Grants, gifts, and contributions from private sources; and

(iii) Public support.

(b) Does not include:

(i) Funds generated in periods other than the fiscal year under review; or

(ii) Funds that are raised or contributed from outside the organization for purposes of purchasing land

or capital assets or to endow future operations when those funds are specifically identified by the board or contributors as restricted and separately recorded in the organization's records; or

(iii) Net income from the sale of assets; or

(iv) Fees paid by members or the public to receive services or to participate in specific activities. (Example: Fees to attend a swimming lesson or event.) These fees must be classified as a reduction to both program service and supporting service expenses on a pro rata basis and as a reduction to resources available for providing services in the fiscal year. (Example: In the chart below, licensee X has revenue of five thousand dollars. They must calculate the pro rata reduction by adjusting the total by the percentages of support services, program services expenses, and functional expenses.)

(6) This rule will be effective for fiscal years ending on or after December 31, 2009.

Revenue					
Fees paid by public					\$5,000
Calculation:					
Expenses	Unadjusted Amount	% of Total	Pro Rata Reduction Fees Paid by Public (\$5,000)	% of Total	Adjusted Amount
Support Service Expense	\$35,000	32%	(\$1,591)	32%	\$33,409
Program Service Expense	\$75,000	68%	(\$3,409)	68%	\$71,591
Functional Expenses	\$110,000	100%	(\$5,000)	100%	\$105,000

WAC 230-07-025 Additional requirements for "significant progress" for Groups IV and V. In addition to meeting the significant progress requirements for Groups I, II, and III, Group IV and V charitable or nonprofit licensees must also prove they:

(1) Expended at least sixty percent of net gambling income earned in the licensee's most recently completed fiscal year on "functional expenses" to operate the organization's programs; and

(2) Used no more than thirty-five percent of total functional expenses to provide supporting services. If licensees used more than fifty percent of total program services expenses to provide program services through indirect methods (those which are external to the organization), such as grants, contributions, and/or scholarships, then supporting services expenses must not exceed twenty percent of functional expenses.

WAC 230-07-030 Defining "functional expenses." "Functional expenses" means those expenses a charitable or nonprofit licensee incurs toward accomplishing its stated purpose(s). Functional

expenses include both "program services" and "supporting services."

WAC 230-07-035 Defining "program service expenses." (1) "Program service expenses" means those expenses relating to providing care, support, or assistance to individuals, or sponsoring or conducting activities that directly relate to the licensee's stated purpose(s).

(2) We consider "program service expenses" services the licensee provided:

(a) Directly through programs to the public or the licensee's members; or

(b) Indirectly through:

(i) Contributions to individuals or to other service-providing organizations; or

(ii) Funding scholarships; or

(iii) Sponsoring activities directly related to any organizational purposes.

(3) We consider soliciting new members or volunteers, or announcements and publications intended to educate the public about specific services or programs to be program service expenses.

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(4) Expenses allocated to more than one service must be divided out according to their function. Licensees must document the methods of allocation and make them available for our review.

WAC 230-07-040 Defining "supporting service expenses." (1) "Supporting service expenses" means those expenses relating to activities that are essential to the general operation of the licensee's programs, but which are not directly identifiable to a specific program. Supporting service expenses typically include:

- (a) Management; and
 - (b) General overhead; and
 - (c) Any expenses related to soliciting contributions.
- (2) We consider the following supporting service expenses:
- (a) Wages and benefits for persons involved in the general operation of the organization, such as:
 - (i) Executive directors and other management; or
 - (ii) Support personnel like secretaries, receptionists, and bookkeepers; and
 - (b) Expenses related to:
 - (i) Providing an administrative office, including rent, depreciation, interest, utilities, taxes, insurance, and supplies; and
 - (ii) General management functions of the organization such as planning and budgeting, recruiting and training staff, and purchasing and distributing materials; and
 - (iii) Scheduling and conducting board, committee, and membership meetings; and
 - (iv) Publicizing the general organization; and
 - (v) Outside supporting services such as accounting, audit, and legal; and
 - (vi) Soliciting contributions or grants; and
 - (vii) Any net loss from nongambling fund-raising activities.

(3) Supporting service expenses do not include items which are unusual and infrequent in nature, for example, repairs from a fire.

(4) Expenses allocated to more than one service must be divided out according to their function. Licensees must document the methods of allocation and make them available for our review.

WAC 230-07-045 Obtaining a waiver for significant progress requirements. (1) If a charitable or nonprofit licensee is unable to demonstrate that it has made significant progress, the licensee may request, in writing, a waiver for all, or a portion, of the requirements.

(2) In the waiver request, the organization's board must:

- (a) Acknowledge that it is aware of the circumstances; and
- (b) Show it has taken steps to correct the situation which prevented compliance; and
- (c) Show it has approved a plan that addresses delivery of program services in the future; and
- (d) Show that the organization expended at least twenty-five percent of its net gambling income to provide program services in the period under review. We may

consider the purchase of nondepreciable assets for program purposes as part of this percentage.

(3) When deciding to approve or deny a waiver, we consider whether the licensee:

- (a) Had a temporary inability to comply due to unusual circumstances; and
 - (b) Is reserving funds to start or expand specific programs in the future; and
 - (c) Used a substantial amount of capital assets that are not subject to depreciation or amortization to provide program services, for example, fully depreciated building or equipment; fully amortized leasehold improvements; assets which are not normally depreciated, such as land used for athletic fields, riding areas, or parks; and
 - (d) Conducted a substantial portion of its services through volunteers.
- (4) If we deny the waiver, the licensee may request a brief adjudicative hearing before an administrative law judge under the provisions of Title 230 WAC and chapter 34.05 RCW.

WAC 230-07-050 Defining "excessive reserves."

(1) "Excessive reserves" means the total amount of the licensee's cash, cash equivalents, and other assets that would not normally be associated with providing programs or fund-raising activities is greater than the sum of:

- (a) The licensee's current liabilities, which means debts due within one year; plus
- (b) Total functional expenses during the most recently completed fiscal year; plus
- (c) The average net income or loss from combined gambling and retail sales conducted in conjunction with gambling activities for a three-month period. This average is calculated by dividing annual net gambling and retail sales income or loss by four.

(2) However, we may approve the exclusion of funds reserved to start or expand specific programs from the computation of excessive reserves.

WAC 230-07-051 Accumulating excessive reserves. A charitable or nonprofit organization must not accumulate excessive reserves. Organizations accumulating excessive reserves may be deemed as organized primarily for purposes of gambling. Reserves must be computed by using the financial data most recently filed with us. Funds transferred to an endowment or specifically restricted trust fund will not be treated as excessive reserves if the following restrictions are met:

- (1) The endowment or dedicated trust fund is either legally irrevocable or restricted in a manner that approval is required by a majority of the membership prior to use or transfer of the endowment or dedicated trust principal; and
- (2) The funds are expressly dedicated for funding new programs, capital projects, or to endow service-providing activities; and
- (3) The funds are saved according to a plan that includes the amount to be reserved, the purpose for

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which the funds are being reserved, and the estimated time the reserves will be used; and

(4) The plan is approved by the organization's officers or board of directors and documentation for the endowment or trust fund is submitted to us for review and approval; and

(5) The total amount of net gambling income that is transferred to endowment or trust funds may exceed two million dollars only if the organization petitions the director to exceed this limitation and the director approves the petition. The director may disapprove with written comments or approve a modified level based on facts presented. The director's decision may be appealed to the commission. Appeal of this decision will be heard at a regular public meeting of the commission. The commission's decision shall be final. Petitions for relief must include:

(a) The reason for the request, including whether the increased reserves are for charitable or nonprofit purposes and planned timelines for use; and

- (b) The total amount of reserves requested; and
- (c) The impact on programs if the petition is denied; and
- (d) Alternative sources of funding available.

WAC 230-07-055 Prorating expenses when gambling funds are not kept separate. When charitable or nonprofit organizations do not keep gambling income separate from all other income of the organization, the amount of net gambling income required to provide functional expenses in the fiscal year under review must be the pro rata portion of net gambling income compared to the total net revenue from all sources. (Example: In the chart below, Organization X has revenue of five thousand dollars. They must calculate the pro rata reduction by adjusting the total by the percentages of support services, program services, and functional expenses.)

Revenue					
Fees paid by public					\$5,000
Calculation:					
Expenses	Unadjusted Amount	% of Total	Pro Rata Reduction Fees Paid by Public (\$5,000)	% of Total	Adjusted Amount
Support Service Expense	\$35,000	32%	(\$1,591)	32%	\$33,409
Program Service Expense	\$75,000	68%	(\$3,409)	68%	\$71,591
Functional Expenses	\$110,000	100%	(\$5,000)	100%	\$105,000

WAC 230-07-060 Independent management structure required. (1) Charitable or nonprofit organizations and their officers or board of directors have an affirmative responsibility to conduct gambling activities according to the legislative intent in chapter 9.46 RCW.

(2) Organizations must develop and maintain an independent management control system that ensures they:

- (a) Create an operating environment that makes it possible to implement the policies of the officers or board of directors; and
- (b) Supervise and operate gambling activities according to gambling laws and our rules; and
- (c) Protect all assets of the organization from misuse or embezzlement; and
- (d) Use gambling proceeds solely to advance the purposes of their organization.

WAC 230-07-065 Group III, IV, and V management control system. Charitable or nonprofit licensees assigned to Groups III, IV, and V must develop and implement a management control system that:

(1) Is overseen by an independent group of officers or board of directors who have been elected by a process in which all full and regular members have a single vote; and

(2) Includes written policies which set the responsibilities of and establish the scope of authority delegated to officers, board of directors, and employees; and

(3) Includes affirmative management and accounting controls to ensure that all funds and other assets directly or indirectly obtained with gambling proceeds are protected from misuse, are dedicated solely to the purposes of the organization, and do not inure to the private use of any person. For purposes of this section, we do not consider the following uses of gambling proceeds inurement:

- (a) Providing program services to members or the public; or
- (b) Costs for necessary expenses, including salaries or wages for services to perform the purposes of the organization. Salaries or wages paid to members, officers, board of directors, or their direct relatives, are not inurement if they are necessary, reasonable, and an

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independent management system makes the decision to pay them; and

(4) Includes a planning process to set goals for uses of gambling proceeds and allows the officers or board of directors to monitor progress toward those goals. Organizations reserving funds in endowments or trust funds must have a formal business plan or budget outlining uses of those funds; and

(5) Includes a system of internal accounting controls designed to reduce errors, minimize the risk of embezzlement, and safeguard assets. The licensee's officers or board of directors must implement procedures to monitor established controls for compliance. The internal accounting control system must include at least:

(a) Management approval for expenditures; and
(b) Access to assets is restricted to those individuals management authorizes; and

(c) Recording procedures for all transactions in accordance with generally accepted accounting principles (GAAP). Licensees must record transactions with enough detail to maintain accountability for assets; and

(d) Periodic comparison of recorded assets to physical assets and reconciliation of all differences. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

(6) Is documented and available for our review.

WAC 230-07-070 Defining "direct relatives."

"Direct relative" means spouses, parents, grandparents, uncles, aunts, children, siblings, nieces, or nephews, whether by blood, adoption, or marriage.

WAC 230-07-075 Conflicts of interest.

(1) Charitable or nonprofit organizations have an independent operating environment when their officers or board members and supervisory level employees have completely separated their personal interests from the interests of the organization.

(2) If individual officers or board members acknowledge potential conflicts of interest and abstain from voting on issues that directly or indirectly affect their personal interest, the organization is operating independently.

(3) The governing board of the organization must review any potential conflicts of interest involving supervisory level employees. They must record all discussions or balloting regarding potential conflicts of interest in the official meeting minutes.

(4) We will presume organizations lack an independent operating environment if the governing board fails to approve and document in the official meeting minutes any of the following by the officers, board members, or supervisory level employees:

(a) Receiving, directly or indirectly, financial or personal benefit from the organization or share in gambling proceeds of the organization; or

(b) Supervising, directly or indirectly, or having decision-making authority over transactions that may result in direct or indirect financial or personal benefit to:

(i) Their direct relatives; or
(ii) Persons with whom they maintain a common household; or

(iii) Persons with whom they have a business relationship; or

(c) Allowing others, directly or, through lack of action, indirectly, to receive or share in the gambling proceeds of the organization.

WAC 230-07-080 Qualification reviews for Groups III, IV and V.

(1) We may review charitable or nonprofit licensees assigned to Group III and may prepare a summary of the organization's qualifications for the commissioners' review.

(2) We will review licensees assigned to Group IV and V and prepare a summary of the organization's qualifications for the commissioners' review at a public meeting every three years. At least one representative from the organization must attend the meeting when staff presents their qualification review.

WAC 230-07-085 Compensating gambling management and operations personnel.

(1) Charitable or nonprofit licensees must not base compensation for any employee taking part in the management or operation of the gambling activities on a percentage of the receipts or income derived from the operation of the gambling activity.

(2) Licensees must pay employees taking part in the management or operation of gambling activity a wage that is reasonable under the prevailing local wage scale for comparable employment. Wages greater than the local prevailing wage create a presumption of a violation.

WAC 230-07-090 Keeping and depositing all gambling funds separate from other funds.

Charitable or nonprofit licensees must protect all funds generated from gambling activities and keep these funds separate from their general funds.

(1) Licensees must:

(a) Keep a separate gambling receipts account(s) in a recognized Washington state bank, mutual savings bank, or credit union; and

(b) Deposit only gambling receipts into that account. Licensees may deposit receipts from nongambling activities operated in conjunction with bingo games into the gambling receipts account if the licensee keeps detailed receipting records of the nongambling receipts; and

(c) Deposit all gambling receipts first into the account before spending or transferring them into other accounts, except for prize pay outs; and

(d) Deposit funds received from commercial amusement game operators operating amusement games on their premises in the licensee's gambling receipts account no later than the second banking day after they receive the receipts; and

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(e) Make all deposits of net gambling receipts from each activity separately from all other deposits, and keep the validated deposit receipt as a part of their records. Deposit receipts are a part of the applicable daily or monthly records and licensees must make them available for our inspection; and

(f) Deposit all net gambling receipts which they are holding, pending pay out:

(i) From bingo, no later than the second banking day after they receive them. Licensees may withhold bingo receipts from deposits for "jar," "pig," or other special game prizes if the total of all such prize funds does not exceed two hundred dollars, enter the amount withheld each session in the bingo daily record, and record the reconciliation of the special game fund on the bingo daily record. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records; and

(ii) From raffles (Class E and above) and amusement games (Class D and above), at least once each week; and

(iii) From punch board and pull-tabs, including cost recovery for merchandise prizes awarded, no later than two banking days after they remove the board or series from play; and

(g) Record the Washington state identification number assigned to the punch board or pull-tab series and the amount of net gambling receipts on the deposit slip/receipt. Licensees may record the number and the receipts on a separate record if they record the bank validation number and maintain the record with the deposit slip/receipt; and

(2) These requirements do not apply to organizations who:

(a) Conduct only one or more of the following activities:

- (i) Raffles under the provisions of RCW 9.46.0315;
- (ii) Bingo, raffles, or amusement games under the provisions of RCW 9.46.0321;
- (iii) Class A, B, or C bingo game;
- (iv) Class A, B, C, or D raffle; or
- (v) Class A, B, or C amusement game; and
- (b) Do not have any other license(s) from us.

WAC 230-07-095 Fund-raising events and members only raffles exempt from deposit requirements. Bona fide charitable or nonprofit organizations that conduct only fund-raising events or members only raffles and have no other gambling licenses are exempt from having a separate gambling receipts account, but they must:

(1) Make no expenditures, other than for prizes, until the receipts have been deposited;

(2) Deposit all net gambling receipts within two banking days; and

(3) Keep the validated deposit receipt with their gambling records.

WAC 230-07-100 Special banking exemption for Point Roberts Peninsula. Charitable or nonprofit licensees that conduct activities on Point Roberts Peninsula, Washington, may deposit funds in British Columbia branches of Canadian banks. Licensees must provide us and their Canadian bank a written release for us to have unrestricted access to the licensee's Canadian bank records and the Canadian bank must provide written confirmation of its intent to honor the licensee's release.

WAC 230-07-105 Safeguarding prize inventory. (1) Charitable or nonprofit organizations must safeguard and prevent misuse or misappropriation of all assets, including items purchased, or donated, to use as prizes for gambling activities.

(2) Licensees must maintain an inventory control record for each item purchased or donated to use as prizes for gambling activities in the format we require.

WAC 230-07-106 Insuring prizes. (1) We prohibit basing contracts for prize insurance on a percentage of the gambling activity.

(2) We allow prize insurance based on a flat fee or monthly fee.

WAC 230-07-110 Supervision requirements. Charitable or nonprofit organizations must closely supervise all persons involved with the conduct of gambling activities to ensure that they follow all gambling laws and rules.

WAC 230-07-115 Duties of charitable or nonprofit gambling managers. Charitable or nonprofit gambling managers must:

(1) Be knowledgeable of the laws and rules that relate to the operation of the gambling activities and the restrictions on the use of funds made from gambling activities for which they are responsible; and

(2) Supervise the gambling activity, including all secondary activities, such as retail sales, conducted along with gambling activities; and

(3) Ensure:

(a) The business premises are maintained in a safe condition and persons participating in the activity are reasonably protected from physical harm; and

(b) Fair and equal participation by players in gambling activities; and

(c) All records are completed and correct; and

(d) All funds are disbursed or invested according to the directions of the officers or governing board and are used solely to further the charitable or nonprofit purpose(s) of the organization; and

(4) Protect:

(a) The public from fraud; and

(b) The organization from players or workers committing illegal acts; and

(c) All gambling assets of the organization from misuse or theft; and

(5) Safeguard funds or other assets made from gambling and secondary activities for which he or she is

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responsible until directly deposited in the organization's bank account.

WAC 230-07-120 Notifying us of changes in responsibilities of charitable or nonprofit gambling managers. (1) A charitable or nonprofit organization must notify us in writing when a gambling manager:

- (a) Has been assigned primary responsibility for operating any gambling activity or disbursing funds; or
- (b) Has terminated employment or responsibilities.

(2) Individuals required to be licensed under WAC 230-03-235 must immediately submit a license application.

(3) Licensees assigning gambling managers who do not require a license under WAC 230-03-145(4) must notify us in writing within ten days of changes in responsibilities by submitting:

- (a) The full name and date of birth of the gambling manager; and
- (b) The date the gambling manager was assigned new responsibilities or the date employment or responsibilities terminated; and
- (c) A full description of the change in duties or responsibilities; and
- (d) The highest ranking elected officer or the individual assigned the responsibility of supervising the gambling manager must sign the notification.

RECORDKEEPING FOR LOWER VOLUME LICENSEES

WAC 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations. (1) Organizations operating without a license under RCW 9.46.0315 or 9.46.0321 and lower volume charitable or nonprofit licensees must keep a set of permanent monthly records of the gambling activities. Lower volume licensees include:

- (a) Fund-raising events;
 - (b) Bingo (Classes A, B, and C);
 - (c) Raffles (Classes A, B, C, and D);
 - (d) Amusement games (Classes A, B, C, and D);
- and
- (e) Card games (Classes A, B, and C).
- (2) The monthly records must include, at least:
- (a) The gross receipts from each activity;
 - (b) The total amount of cash prizes actually paid out;

(c) The total of the cost to the licensee of all merchandise prizes actually paid out for each activity;

(d) A summary of all expenses related to each of the activities; and

(e) The net income received from the activity, the purpose(s) for which the net income was raised, and the amount paid to each recipient.

(3) Licensees must keep these records for three years from the end of the license year for which the record was created.

(4) Organizations operating under RCW 9.46.0315 or 9.46.0321 must maintain their records for one year.

RECORDKEEPING AND ACCOUNTING STANDARDS

WAC 230-07-130 Additional recordkeeping for charitable or nonprofit licensees. (1) Charitable or nonprofit licensees, except agricultural fairs, must maintain records which clearly show how the licensee used or disbursed the funds from each licensed activity. These records must provide an audit trail satisfactory for us to verify that the funds were used for the licensees' stated purpose(s). These records must include, at least, canceled checks for the disbursements.

(2) Charitable or nonprofit licensees must keep these records for three years from the end of the license year for which the record was created.

WAC 230-07-135 Recording gifts. Charitable or nonprofit licensees must keep a written record for each gift which they have given to customers with an actual cost over one hundred dollars. Authorized "gifts" are defined in WAC 230-06-035. The record must include:

- (1) How they selected the recipients;
- (2) The number of gifts; and
- (3) The total cost of each gift.

WAC 230-07-140 Minimum accounting records for Class D and above bingo licensees and licensees with combined activities over five hundred thousand dollars. Class D and above bingo licensees and licensees who are authorized for more than five hundred thousand dollars gross gambling receipts from combined gambling activities during any fiscal year must keep accounting records necessary to document all receipts, costs, and disbursements, including, at least, those related to gambling activities.

Requirements for accounting records

For these accounting records, licensees must:

- (1) Conform to generally accepted accounting principles (GAAP) except as modified by other commission rules; and
- (2) Include, at least:
 - (a) A cash disbursements journal and/or check register;
 - (b) A cash receipts and/or sales journal;
 - (c) A list of all assets the licensee paid for;
 - (d) A listing of all liabilities;
 - (e) A complete general ledger system; and
 - (f) A list of all donated items valued at more than two hundred fifty dollars; and
 - (g) Bank statements, related deposit slips, and canceled checks or facsimiles of canceled checks; and

Donated items

- (3) Document donated items. Licensees must:
 - (a) Use the fair market value at the time of donation;
 - (b) Add items to the list no later than thirty days after receiving them;
 - (c) Remove items when they no longer have legal ownership; and

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(d) Not remove an item from the list, even if it has become obsolete or completely depreciated, until management has completed and documented appropriate review. A depreciation schedule for all capitalized items is sufficient; and

(e) Add items to the list when they convert items from gambling merchandise prize inventory to licensee use. This list must include, at least:

- (i) A description of the item;
- (ii) The date purchased, acquired by donation, or converted from the gambling prize pool;
- (iii) The cost at the time of purchase or, if donated, the fair market value at the time received; and
- (iv) The date and method of disposition of the item; and

Method of accounting

- (4) Use the accrual method of accounting; and
- (5) The cash, modified cash, or tax basis accounting methods may be used only if that method accurately represents the licensee's financial position, the results of operations, and the licensee does not have substantial liabilities or expenses, such as depreciation or amortization expenses, which require a current outlay of cash; and

Expenditures for nongambling activities

(6) Sufficiently document all expenditures relating to nongambling activities in order to provide a satisfactory audit trail and to allow us to verify that the funds were used for the licensee's stated purpose(s); and

Expenditures for gambling activities

(7) Sufficiently document all of the licensee's expenditures relating to gambling activities. Canceled checks or facsimiles of canceled checks, and bank statements are not sufficient documentation for expenditures without additional support. Licensees must provide additional support for expenditures, including:

- (a) Invoices or other supporting documents from commercial vendors or service agencies with at least:
 - (i) The name of the person or entity selling the goods or providing the services;
 - (ii) A complete description of goods or services purchased;
 - (iii) The amount of each product sold or services provided;
 - (iv) The price of each unit;
 - (v) The total dollar amount billed; and
 - (vi) The date of the transaction.
- (b) Documentation, in the form of checks and other written records of disbursements in excess of twenty-five dollars made directly to individuals who do not furnish normal, business type, invoices or statements. The written records must indicate at least:
 - (i) The name of the person receiving the payment;
 - (ii) The amount;
 - (iii) The date; and
 - (iv) The purpose; and

(8) Document allocated expenditures that relate to more than one function to the various functions. Licensees must document their methods of allocation and make them available for our review; and

Capitalizing assets

(9) Include a capitalization policy based on materiality and expected life of operating assets. To determine a minimum level for capitalizing assets, licensees must:

(a) Capitalize and depreciate, or amortize over the useful life of the asset, any assets of more than two thousand dollars that have a useful life of more than one year; and

(b) Capitalize and depreciate, or amortize over sixty months, beginning with the first month that bingo games are conducted, preoperating start up costs related to bingo games of more than six thousand dollars; and

(c) Amortize, over a period not longer than the life of the lease, any leasehold improvements related to gambling activities that are more than six thousand dollars. Licensees may extend the amortization period to include any lease option periods if the licensee's management states a reasonable expectation that they will use the lease option; and

(d) Charge all unamortized leasehold improvements as an expense of the gambling activities in the year that the lease expires.

REQUIRED ANNUAL REPORTS

WAC 230-07-145 Reporting annual progress.

Charitable or nonprofit licensees in Groups III, IV, and V must report annually their progress toward meeting their stated purpose in the format we prescribe.

(1) The report must explain the type and scope of activities which licensees conducted during their last annual fiscal accounting period; and

(2) The report must include, at least:

(a) A brief history of the licensed organization, including its stated charitable or nonprofit purpose(s); and

(b) A written statement setting out their goals for meeting their stated charitable or nonprofit purpose(s) in the future; and

(c) The number of full and regular members; and

(d) A list of contributions, scholarships, grants, or sponsorships made during the period. This list must include:

(i) The name of each organization or individual receiving a contribution from the licensee. The licensee may use the phrase "individual contribution" in place of the recipient. If the recipient is not named in the report, the licensee must maintain records to verify and identify the recipient of each individual contribution; and

(ii) Whether funds awarded were from gambling income or other funds; and

(e) Gross income from all non-gambling activities and the source of the income; and

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(f) The revenue and expenses for any non-gambling sales activities, presented separately, when conducted primarily in conjunction with gambling activities; and

(g) Total expenses for both charitable or nonprofit services; and

(h) The percentage or extent to which the licensee used net gambling income for charitable as distinguished from nonprofit purposes; and

(i) The details of any loans, contracts, or other business transactions with related parties that accumulatively exceed one thousand dollars during the period. "Related parties" means officers, board members, key employees, or members of the licensed organization, including direct relatives of each; and

(3) The report must be submitted no later than one hundred twenty days following the end of the organization's fiscal year.

(4) We may grant an organization additional time to submit the report if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.

WAC 230-07-150 Financial statements required for Groups III, IV, and V. (1) In addition to information required in WAC 230-07-145, charitable or nonprofit licensees in Groups III, IV, and V must also submit complete financial statements prepared in accordance with generally accepted accounting principles (GAAP).

(2) Licensees in Groups IV and V must have the financial statements prepared by an independent certified public accountant.

(3) The statements and all required disclosures or footnotes no later than one hundred twenty days following the end of the licensee's fiscal year.

(4) The financial statements must include:

(a) A statement of financial position;

(b) A statement of activities. This statement may be presented in a consolidated form if licensees provide the details of each component as supplemental information. Licensees must present revenue and expenses for each activity separately as follows:

(i) Each gambling activity; and

(ii) Retail sales conducted in conjunction with gambling activities;

(c) A statement of cash flows;

(d) A statement of functional expenses;

(e) In addition to all disclosures required by GAAP, the financial statements must disclose the following:

(i) Loans to or from officers, board members, and employees: We will not consider employee salary advances of five hundred dollars or less as loans. Details of all terms, including interest rates and payment schedules, must be disclosed;

(ii) All civil penalties, fines, bribes, or embezzlements incurred or discovered during the period; and

(iii) An explanation of any adjustments made to prior period capital accounts or net asset balances;

(f) An explanation of material differences between amounts reported on gambling activity reports and the financial statements.

(5) We may require additional information to ensure completeness of the information reported.

(6) We may grant an organization additional time to submit the information required if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.

WAC 230-07-155 Reporting annual activity for raffles, amusement games, Class A, B, or C bingo, or combination licenses. (1) Raffle, amusement game, Class A, B, or C bingo, or combination licensees must submit an annual report of all their activities in the format we require.

(2) We must receive the completed report in our office postmarked no later than thirty days following the expiration of their license(s).

(3) The highest ranking officer or his/her designee must sign the report.

(4) If the licensee has someone else prepare the report, then the preparer must include his/her name and phone number on the report.

(5) Licensees that operate retail sales activities in conjunction with bingo games must report the net income from those retail sales activities.

WAC 230-07-160 Reporting annual activity for agricultural fairs. (1) Charitable or nonprofit licensees who operate bingo, raffles, and/or amusement games only at agricultural fairs and other special properties and permittees as defined in WAC 230-03-015 who operate bingo under another's license at agricultural fairs and other special properties must submit an annual report of all their activities in the format we require.

(2) We must receive the completed report in our office postmarked no later than thirty days following the expiration of the license year.

(3) Permittees operating under another's license must provide the licensee with all information about the permitted operation that is needed by the licensee to complete the annual activity report not less than ten days before the time that we require the licensee to file his or her report.

(4) The highest ranking officer or his or her designee must sign the report. If the licensee has someone else prepare the report, then the preparer must include his or her name and phone number on the report.

Chapter 230-11 WAC RAFFLES

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CONDUCTING A RAFFLE

WAC 230-11-001 Defining "licensees," "licensee," "organizations," and "organization." (1) In this chapter, "licensee" and "licensees" means those charitable or nonprofit organizations which we require to be licensed to conduct raffles.

(2) "Organization" and "organizations" means all bona fide charitable or nonprofit organizations conducting unlicensed raffles authorized by chapter 9.46 RCW, including those authorized by RCW 9.46.0209, 9.46.0315 and 9.46.0321.

WAC 230-11-005 Display the raffle license.

Licensees conducting a raffle must prominently display the raffle license or a copy of the license at the site and time of the drawing.

WAC 230-11-006 Requiring raffle ticket purchase for membership prohibited. Organizations must not require a person to buy a raffle ticket or pay to participate in any gambling activities in order to become a member of the organization.

WAC 230-11-010 Number tickets consecutively. All raffle tickets must:

- (1) Be consecutively numbered; or
- (2) Be printed with letters or symbols which do not repeat within the population of all tickets sold for a particular raffle.

WAC 230-11-012 Licensees may conduct a joint raffle. Raffle licensees may jointly conduct a raffle if:

(1) Licensees maintain in writing the method by which the income, expenditures for prizes, and all other expenses, received and expended in connection with the raffle will be divided among them; and

(2) One licensee sets up a separate bank account into which all of the proceeds from the raffle are deposited and from which all of the expenses in connection with the raffle, including but not limited to, all payments for prizes, are made; and

(3) Participating licensees keep records which clearly disclose the amount of money received or each licensee expends in connection with the raffle and the purpose(s) for which the money was spent; and

(4) Licensees count all gross receipts that each participating licensee received toward their gross receipts limit.

SELLING TICKETS

WAC 230-11-014 Maximum raffle ticket price. Raffle tickets must not be sold for more than one hundred dollars each.

WAC 230-11-015 Provide rules to participants. At the time of purchase, organizations must inform all participants by either printing on the participant's portion of the ticket or otherwise providing to each participant, in writing, the following:

- (1) All rules by which prizes may be won in the raffle; and
- (2) The cost of each ticket; and
- (3) All prizes available, whether cash or merchandise; and
- (4) Date, time, and location of drawing; and

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- (5) Whether a participant is required to be present at the raffle drawing in order to be eligible to win a prize; and
- (6) Name of the organization conducting the raffle.

WAC 230-11-020 Record information on ticket stub. If an organization sells raffle tickets to the general public or conducts raffles that do not require the winner to be present at the drawing, the organization must include a stub or other detachable section bearing a number, letter, or symbol matching the number, letter, or symbol on the ticket or object representing the participant's ticket. The organization's portion must include the participant's name, complete address, telephone number, and other information necessary to notify the winner.

WAC 230-11-025 Bundling and selling tickets at a discount. (1) Licensees may put tickets together in a bundle and sell them at a discount if they:

- (a) Create the discount plan before selling any raffle tickets; and
 - (b) Do not change the discount plan during the raffle; and
 - (c) Make single nondiscounted tickets available to all participants; and
 - (d) Use only one discount plan for each raffle; and
- (2) Booklets of bundled discounted tickets must contain the number of tickets named in the discount plan; and
- (3) Licensees must not remove tickets from a booklet to sell them individually; and
- (4) Each booklet of bundled tickets must have the following information printed on the cover:
- (a) A description of the discount plan; and
 - (b) The number of tickets in the booklet; and
 - (c) The total cost of the booklet; and
 - (d) A consecutive number; and
- (5) Licensees must establish controls and accounting procedures necessary to determine gross gambling receipts from ticket sales.

WAC 230-11-030 Restrictions on ticket sales. (1) Only the following people, who are at least eighteen years old, may sell raffle tickets:

- (a) Members of the organization, except as explained in subsection (2) of this section; and
 - (b) Volunteers under the supervision of a member.
- (2) Organizations may allow members under the age of eighteen to sell tickets when the organization has:
- (a) Development of youth as a primary purpose; and
 - (b) At least three members or advisors who are at least eighteen years old and who supervise the operation of the raffle; and
 - (c) An adult member or advisor designated as the manager of the raffle.
- (3) Organizations must sell tickets for a particular raffle for the same price unless offering an authorized discount plan; and

- (4) Organizations must not:
 - (a) Sell raffle tickets via the internet; or
 - (b) Require anyone to purchase more than one raffle ticket; or
 - (c) Give away raffle tickets; or
 - (d) Give an opportunity to participate in a raffle drawing to a person who has not purchased a ticket.

WAC 230-11-035 Incentives for selling tickets.

- (1) Organizations must not pay members or volunteers for selling tickets or managing or operating a raffle, unless the person is a full-time or part-time employee of the organization with duties other than selling tickets or managing or operating raffles.
- (2) Licensees may provide members or volunteers with noncash incentives for selling tickets if the licensee:
 - (a) Bases the incentives on the number of tickets sold; and
 - (b) Gives incentives that do not exceed five percent of the gross gambling receipts of the raffle; and
 - (c) Maintains a record of the name, address, and telephone number of all persons receiving incentives.

DRAWING TICKETS

WAC 230-11-040 Place ticket stubs in receptacle for drawing. Each person who sells a raffle ticket must give the organization all ticket stubs or other detachable sections of all tickets sold. The organization must place each stub or other detachable section of each ticket sold into a receptacle from which the organization will draw the winning tickets unless they use one of the authorized alternative drawing formats.

WAC 230-11-045 Draw winning tickets randomly. A "drawing" means a random selection process for determining winners in a raffle. To be random, each ticket in the drawing must have an equal and fair chance of being drawn as a winner. Organizations must design the ticket drawing receptacle so that each ticket has an equal opportunity to be drawn.

WAC 230-11-050 Using alternative drawing formats. Licensees may use alternative drawing formats that randomly determine winners if licensees:

- (1) Fully disclose to each player the random selection process used in the alternative drawing format before selling tickets; and
- (2) Maintain a copy of the disclosure with the permanent raffle records; and
- (3) Use controls and accounting procedures that:
 - (a) Provide the ability to audit gross gambling receipts from ticket sales; and
 - (b) Have sufficient controls to prevent manipulation of the random selection process; and
 - (c) Document the random selection process.

Raffles

WAC 230-11-055 Authorized alternative drawing formats. Licensees may use the following types of alternative drawing formats or similar random selection processes:

Mock races.

(1) The licensee sells participants consecutively numbered tickets that identify a specific corresponding numbered mock animal(s), ball(s), or other similar object(s) that can use natural elements to move the objects (water, gravity, wind) in a race. All objects must be identical in weight, size, and shape, to have an equal opportunity to win. The licensee must release all objects simultaneously at a start line. The first numbered object to cross the finish line wins.

Poker runs.

(2) The licensee sells participants consecutively numbered tickets or poker tally sheets to participants. Participants travel a predetermined course with predetermined drawing stations (typically five drawing stations). At each drawing station, participants draw one playing card for each ticket purchased. Station attendants must verify the card drawn and record the card value on the poker ticket tally sheet. After all participants have completed the course, the participant with the best recorded poker hand wins.

Ball drops.

(3) The licensee sells participants consecutively numbered tickets that identify a specific corresponding numbered ball. All balls must be equal in size, weight, and shape, to have an equal opportunity to win. The licensee suspends all purchased numbered balls in the air and simultaneously releases them over a target zone. The ball, closest or first, to hit the predetermined target wins.

Animal plops.

(4) The licensee sells participants consecutively numbered tickets that identify a specific corresponding square on a numbered grid. The licensee releases the animal into the grid area until the animal has completed its plop. The numbered square containing the plop wins.

Multiple stage drawings.

(5) The licensee sells participants consecutively numbered tickets. The licensee uses multiple drawing phases to eliminate participants until the licensee declares the remaining ticket holder(s) the winner(s). The licensee may use second element of chance plans as long as the plans meet the criteria set out in WAC 230-11-060.

Bucket raffles.

(6) The licensee sells participants consecutively numbered tickets. Participants place their tickets into any number of separate buckets or other receptacles for separate prizes. We consider the multiple drawings one single raffle. If licensees use different tickets for each receptacle, we consider each drawing an individual raffle.

Calendar raffles.

(7) The licensee sells participants consecutively numbered calendars with removable stubs. The licensee places all sold calendar stubs into the drawing receptacle. On predetermined dates identified on the calendar, the licensee conducts drawings. The licensee places all winning stubs back into the drawing receptacle for future drawings.

WAC 230-11-060 Using a second element of chance in alternative drawing format raffles. Licensees may use second elements of chance in alternative drawing format raffles to:

(1) Determine the final prize winner. For example: Ten finalists are drawn and each finalist chooses a key. The finalist with the key that starts the vehicle wins; or

(2) Determine which prize is awarded among a group of prizes. For example: Each winner selects one of three keys and each wins the contents of the safe which the key unlocks; or

(3) Increase the prize award. For example: The winning ticket matches a predetermined sequence of numbers and wins an additional prize.

PRIZES

WAC 230-11-065 Raffle prizes. (1) Organizations must own the prizes offered to winners before the date of the drawing. However, if the winner has an option to receive a cash prize instead of the merchandise, the organization may enter into a contract to purchase the merchandise prize after the winner chooses his or her option. The organization must have the funds to make the purchase on account before the date of the drawing.

(2) At the time and date of any raffle drawing, the organization must have on deposit an unencumbered amount of money that is equal to or greater than all cash prizes being offered in the raffle. The organization must have these funds deposited in the gambling receipts account, if required, or in a recognized Washington state depository authorized to receive funds. The organization must not reduce the balance of funds available from this account below the required amount before awarding the prize(s).

(3) Raffle prizes must:

(a) Be available at the time and place of the drawing; and

(b) If cash, be United States currency or an equivalent amount of negotiable instruments; and

(c) For licensees, not exceed forty thousand dollars per prize or eighty thousand dollars in total raffle prizes in a license year, except as authorized in WAC 230-11-067.

Raffles

WAC 230-11-067 Requesting approval to offer raffle prizes exceeding forty thousand dollars per prize or eighty thousand dollars annually. The commissioners may vote to approve a licensee to exceed raffle prize limits on specific occasions if a licensee shows good cause in writing.

The licensee must submit a raffle plan to us that includes at least the following information:

- (1) The organization's goals for conducting the raffle; and
- (2) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and
- (3) Specific details of the raffle rules including:
 - (a) Date of the drawing; and
 - (b) Cost of raffle tickets; and
 - (c) Prizes available; and
 - (d) Security of prizes; and
 - (e) Plans for selling raffle tickets; and
 - (f) Description of how the licensee protects the integrity of the raffle; and
- (4) An explanation of how the proceeds from the raffle will be used; and
- (5) A plan to protect the licensee in the event of low ticket sales and other risks; and
- (6) An explanation of how the licensee will purchase the prize(s) for the raffle; and
- (7) A projected budget including:
 - (a) Estimated gross gambling receipts, expenses, and net income for the raffle; and
 - (b) Minimum number of projected ticket sales to break even; and
 - (c) Corresponding sales and prize levels with projected revenues and expenses for each level; and
 - (d) Minimum and maximum prizes available; and
- (8) Any other information that we request or any information the licensee wishes to submit.

CONDUCTING A MEMBERS-ONLY RAFFLE

WAC 230-11-070 Defining "members-only" raffles. A "members-only raffle" means a raffle where the organization sells tickets only to full and regular members and a limited number of guests. All aspects of the raffle must take place during the same event at the same location. Winners must be determined from among those members and guests that have purchased tickets.

WAC 230-11-075 Limit number of guests for members-only raffles. The total number of guests participating in a raffle must not exceed twenty-five percent of the total attendance of the meeting. The organization must maintain records to show compliance with this requirement.

WAC 230-11-080 Post rules of play for members-only raffles. Organizations must post a sign at each point where they sell tickets to provide participants with all rules of play or print the required disclosures on the raffle ticket.

WAC 230-11-085 Modified and discounted pricing plans for tickets for members-only raffles.

(1) Licensees may use modified ticket pricing plans at members-only raffles when gross revenues do not exceed five thousand five dollars. One type of modified pricing plan is a penny raffle. A penny raffle is a raffle where licensees sell five hundred consecutively numbered tickets. Participants randomly choose tickets and pay the consecutive number of the ticket multiplied by a predetermined cost, for instance, one penny.

(2) In modified pricing plans, licensees may sell tickets to enter a raffle for different values, not to exceed ten dollars for a single ticket, if the licensee:

(a) Discloses to the participants the pricing plan before selling them a ticket to participate. The licensee must disclose to the participant the total number of tickets in the population available and the number of tickets at each price level; and

(b) Allows participants to randomly select their ticket from the population of remaining tickets and pay the amount printed on the ticket they select; and

(c) Establishes records for an adequate audit trail to determine gross gambling receipts; and

(d) Holds no more than two such drawings during a meeting or event; and

(e) Sells multiple tickets to enter one or more drawings as a package and the total price of the package must not exceed twenty-five dollars.

WAC 230-11-086 Discounted pricing plans for tickets to members-only raffles. In discounted pricing plans, licensees may sell tickets for a discounted price based on the number of tickets a player purchases if:

(1) The amount of the discount is set before any raffle tickets are sold; and

(2) Participants are allowed to purchase a single ticket; and

(3) There is only one discount plan for each raffle; and

(4) The cost of a single ticket, without a discount, does not exceed ten dollars; and

(5) The total cost of a discount package does not exceed twenty-five dollars; and

(6) The cost of a single ticket is printed on each ticket (for example, one dollar each); and

(7) The discounted tickets are identified by a unique ticket audit numbering system; and

(8) The licensee establishes an audit system that includes internal controls and procedures to determine gross gambling receipts from the sale of tickets using a discounted pricing plan.

Raffles

WAC 230-11-087 Other pricing plans for members-only raffles. (1) Licensees may sell multiple tickets to enter one or more drawings as a package if the total price of the package does not exceed twenty-five dollars.

(2) Licensees may include tickets to enter a raffle as a part of a package that includes dues, entertainment, or other fund-raising activities if:

(a) The package discloses the value of each component of the package to the purchaser; and

(b) The value of each individual raffle ticket does not exceed twenty-five dollars.

WAC 230-11-090 Authorized alternative drawing formats for members-only raffles. Licensees may use alternative drawing formats set forth in WAC 230-11-055 for members-only raffles as long as the licensee meets all requirements set out in that rule. Licensees also may use the following alternative drawing formats or similar random selection processes for members-only raffles:

Mock animal races.

(1) The licensee sells participants consecutively numbered tickets to wager on a specific mock animal in a field of mock animal racers, typically five to ten racers. The mock animals race in individual lanes divided into equal spaces or squares; for example, bingo boards are sometimes used as race lanes. Animals move forward based on the numbers rolled on dice or balls drawn from a set of bingo balls. The first mock animal to cross the finish line is the winner. All winning ticket holders split the prize pool or the licensee may hold a drawing of winning tickets to determine a single winner.

Video races.

(2) The licensee sells participants consecutively numbered tickets/race forms to wager on the outcome of an unknown videotaped race, typically horse races. The previously taped races must be obtained from an outside source and participants must have no knowledge of the specific race outcome before conducting the video race drawing. Participants wager on the specific racers, identified by numbers, or a specific race lane. All participants holding a winning race number ticket or winning lane number ticket are the winners. All winning ticket holders split the prize pool or the licensee may hold a drawing of winning tickets to determine a single winner.

Paddle wheel raffles.

(3) The licensee sells participants numbered paddles or numbered tickets that correspond to numbered spaces on a balanced, spinning wheel. The licensee spins the wheel at least one full revolution. The ticket that matches the number that the wheel stops on is the winning ticket.

Card deck raffle.

(4) The licensee sells participants a single playing card or similar object. The card is then torn or cut in half and one half is placed in the drawing receptacle. The participant holds the other half until the drawing takes place. The holder of the matching half to that drawn is the winner.

RECORDKEEPING FOR RAFFLES

WAC 230-11-095 Recordkeeping requirements for Class A through D licensees and unlicensed raffles. Class A through D licensed raffles and unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 must keep a record by month of the following:

- (1) Gross receipts; and
- (2) Prizes paid; and
- (3) Net income; and
- (4) Documentation of expenses; and
- (5) Documentation of how the proceeds were used.

WAC 230-11-100 Recordkeeping requirements for Class E and F licensees and raffles using alternative drawing formats. Licensees conducting Class E or Class F raffles or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:

- (1) Record all data required in the standard format we provide; and
- (2) Maintain the following:
 - (a) Validated deposit receipts for each deposit of raffle proceeds; and
 - (b) All winning tickets; and
 - (c) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
 - (d) All ticket stubs for raffles that participants are not required to be present at the drawing; and
 - (e) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
 - (f) Invoices and other documentation recording the purchase or receipt of prizes; and
 - (g) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
- (3) Complete all records no later than thirty days following the drawing.

WAC 230-11-105 Retain and store raffle records.

(1) Records for unlicensed raffles must be kept for one year following the date of the raffle drawing.

(2) Records for licensed raffles must be kept for three years from the end of the licensees' fiscal year in which the raffle was completed.

(3) Organizations must keep all records at the main administrative or business office of all organizations that are located in Washington and have the records available for our review or audit.

(4) Organizations that do not have an administrative or business office must have and designate a records custodian that resides in Washington.

(5) We may allow an organization to maintain records outside the state of Washington if the organization submits a written request. We may withdraw this permission at any time.



STATE OF WASHINGTON

GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

RAFFLE RECORD KEEPING PACKET

Dear Raffle Licensee:

WAC 230-11-100 requires you to prepare a detailed record of your raffle activities using a standard format prescribed by the Commission. These records must be completed for each individual raffle and must be retained for a period of not less than three years from the end of the fiscal year in which the raffle was completed. **Organizations with class D or below licenses are not required to use these forms so long as the requirements of WAC 230-11-095 are followed.**

Organizations using an alternative raffle drawing format to determine winners, as authorized by WAC 230-11-050, must complete these forms. Organizations operating members-only raffles, as authorized by WAC 230-11-165, may modify the standard record keeping forms as allowed by that rule. A form (GC2-240) for paddle wheel raffles is enclosed.

We have enclosed two copies of each record keeping form you must use. One copy is filled out as an example of how it is to be used. The other copy has been left blank to allow you to reproduce additional forms as needed.

If you have any questions or need assistance with completing these records, please contact your local Gambling Commission office at:

Everett. (425) 304-6300

Tacoma. (253) 671-6280

Spokane (509) 325-7900

Enclosures

Purchased / Donated Merchandise:

Number of Items: _____

GC2-325 (Rev. 8/99)

WASHINGTON STATE GAMBLING COMMISSION

RAFFLE SUMMARY

Licensee: _____ Date of Drawing: _____

1. Reconciliation of Ticket Sales

_____ (-) _____ (+) 1 (-) _____ (=) _____
 Ending Ticket # Beginning Ticket # # of Returned Tickets Total Tickets Sold

2. Activity Summary

Gross Receipts: Total Tickets Sold _____ Price
 X Per Ticket \$ _____ = \$ _____

Less Prizes Paid **(See Winners Register)** (-) _____

Equal Net Receipts = _____

Expenses:

License Fees \$ _____

Local Taxes _____

State Taxes _____

Equipment Rental _____

Advertisement _____

Cash (Over) / Short ^(A) _____

Other _____

Total Expenses \$ _____

Net Income \$ _____

3. Other Required Information:

^(A) Cash (Over) / Short:

Gross Receipts \$ _____ (-) Total Amount Deposited ^(B) _____ (=) \$ _____

Explanation of Cash (Over) / Short: _____

^(B) Schedule of Deposits:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

	\$		\$
--	----	--	----

--	--	--	--

--	--	--	--

--	--	--	--

Subtotal From Attached Schedule (If Needed) \$ _____

Total Amount Deposited – Attach Deposit Slips \$ _____

_____/_____
 Manager Date Preparer Date

WASHINGTON STATE GAMBLING COMMISSION

RAFFLE SUMMARY

Licensee: Lake Side Club Date of Drawing: July 4, XXXX

1. Reconciliation of Ticket Sales

4000 (-) 0001 (+) 1 (-) 450 (=) 3550
Ending Ticket # Beginning Ticket # # of Returned Tickets Total Tickets Sold

2. Activity Summary

Gross Receipts: Total Tickets Sold 3550 X Per Ticket \$ 5.00 = \$ 17,750

Less Prizes Paid (**See Winners Register**) (-) 10,000

Equal Net Receipts = 7,750

Expenses:

License Fees..... \$ 315

Local Taxes..... 778

State Taxes..... 175

Equipment Rental 0

Advertisement 250

Cash (Over) / Short ^(A) 15

Other ... Supplies \$450 Repairs \$367 817

Total Expenses \$ 2,350

Net Income \$ 5,400

3. Other Required Information:

^(A) Cash (Over) / Short:

Gross Receipts \$ 17,750 (-) Total Amount Deposited ^(B) 17,735 (=) \$ 15.00 Short

Explanation of Cash (Over) / Short: * Three tickets lost. See log.

^(B) Schedule of Deposits:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
<u>6/10/XX</u>	<u>\$ 1,125</u>	<u>7/1/XX</u>	<u>\$ 1,255</u>
<u>6/17/XX</u>	<u>3,250</u>	<u>7/2/XX</u>	<u>500</u>
<u>6/23/XX</u>	<u>4,850</u>	<u>7/3/XX</u>	<u>305</u>
<u>6/28/XX</u>	<u>6,450</u>		

Subtotal From Attached Schedule (If Needed) \$

Total Amount Deposited – Attach Deposit Slips \$ 17,735

Randy Hunter

Manager

7/6/XX

Date

Mona Jackson

Preparer

7/6/XX

Date

RAFFLE WINNERS REGISTER

Licensee: _____

Date of Raffle: _____ , _____

For prizes with a cost or fair market value in excess of \$50:

<u>Name, Address & Phone # of Winner</u>	<u>Description of Prize (Indicate If Donated)</u>	<u>Purchase Price or Fair Market Value Amount</u>	<u>Winning Ticket Numbers (1)</u>
_____	_____	\$ _____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____

For prizes with a cost or fair market value of \$50 or less:

<u>Number Awarded</u>	<u>Description</u>		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Prizes Paid		\$ _____	(2)

(1) Attach Winning Tickets to Prize Summary.

(2) Record Total Prizes Paid on the Raffle Summary.

RAFFLE WINNERS REGISTER

Licensee: Lake Side Club

Date of Raffle: July 4, XXXX

For prizes with a cost or fair market value in excess of \$50:

Name, Address & Phone # of Winner	Description of Prize (Indicate If Donated)	Purchase Price or Fair Market Value Amount	Winning Ticket Numbers (1)
Sara Foster	Computer, Printer		
543 Anywhere St.	Software donated by	\$ 5,000 FMV	0189
Kennewick Wa	Big Computers Inc.		
(509) 555-3166			
Allen Gash			
616 – 10 th St. E.	Cash	2,000	1306
Quincy, WA			
(509) 555-1933			
Leo Gomez			
321 Plum St.	Cash	1,500	2544
Spokane, WA			
(509) 555-2089			
Martha Stone			
8761 – 23 rd Ave.	Cash	500	0669
Kent, WA			
(253) 555-2601			
Tony Brown			
456 Briar Rd.	Cash	500	0211
Tacoma, WA			
(253) 555-1699			
Ed Wilson			
694 – 12 th St.	Cash	300	2226
Seattle, WA			
(206) 555-6785			

For prizes with a cost or fair market value of \$50 or less:

Number Awarded	Description		
10	T-Shirt	100	See (a) below
20	Coffee Mugs	100	See (b) below
(a) 1640, 2199, 0076, 3211, 1019, 0966, 0321, 0299, 2631, 1227			
(b) 0887, 0116, 0345, 1411, 2101, 6491, 3016, 2399, 2701, 1264, 0702, 0325, 1779, 1694, 1596, 2891, 2997, 3336, 3093, 0142			

Total Prizes Paid \$ 10,000 (2)

(1) Attach Winning Tickets to Prize Summary.

(2) Record Total Prizes Paid on the Raffle Summary.

RAFFLE TICKET DISTRIBUTION LOG

Licensee: _____ Date of Drawing: _____

Total Tickets Printed: _____

[illegible]

NOTE: All tickets printed must be accounted for as required by WAC 230-11-100

RAFFLE TICKET DISTRIBUTION LOG

Licensee: Lake Side Club

Date of Drawing: July 4, XXXX

Total Tickets Printed: 4000

Total Tickets Printed:		4000					
			(1)	(-)	(2)	(=)	(3)
Name	Phone Number	Ticket Numbers Issued	Total Tickets Issued	Total Tickets Returned or Unsold	Ticket Numbers of Returned or Unsold Tickets	Total Tickets Sold	Funds Received From Seller
Bill Gruff	436-9191	1-100	100			100	\$ 500
Sam Stone	435-0191	101-200	100			100	500
Sheila Smith	452-5689	301-300	100			100	500
Joan Gates	486-5698	301-500	200			200	1000
Mike Hunter	256-5689	501-1000	500	50	951-1000	450	2250
Terry Thomas	245-7548	1001-1300	300	25	1276-1300	275	1375
Joe Green	256-6895	1301-1600	300	25	1576-1600	275	1360*
Carl Vincent	635-6547	1601-1900	300	50	1851-1900	250	1250
Linda Lee	562-4857	1901-2300	400	50	2251-2300	350	1750
Betty White	365-9856	2301-2500	200			200	1000
Norma Moon	562-4589	2501-2800	300	50	2751-2800	250	1250
Bob Lopez	256-4859	2801-3200	400	100	3101-3200	300	1500
Tom Barber	251-5647	3201-3600	400	50	3551-3600	350	1750
Norma Suzuki	254-1477	3601-4000	400	50	3951-4000	350	1750
* Three tickets lost per J. Green							
UNISSUED TICKETS			0				
TOTALS			4000	450		3550	\$ 17,735

NOTE: All tickets printed must be accounted for as required by WAC 230-11-100

PADDLE WHEEL RAFFLE SUMMARY

Organization Name: _____

Date of Drawing: _____ (a)

	SPIN #1	SPIN #2	SPIN #3
# of Paddles Sold			
x Cost per Paddle			
= Sales			

Name of Winner: _____

Winning Paddle #: _____

Prize Awarded: _____

	SPIN #4	SPIN #5	SPIN #6
# of Paddles Sold			
x Cost per Paddle			
= Sales			

Name of Winner: _____

Winning Paddle #: _____

Prize Awarded: _____

SUMMARY:

Total Gross Receipts: \$ _____ (b)

Actual Deposit Amount: \$ _____ (c)

Cash Over / (Short): \$ _____ (d)

If deposit > gross receipts, then cash over.

If deposit < gross receipts, then cash (short).

Total Cost of Prizes Awarded: \$ _____ (e)

Date of Deposit: _____

Signatures: _____
 _____ Manager _____ Date

 _____ Preparer _____ Date

NOTE: This record must be maintained for a minimum of three years.
 Figures (a) through (e) should be transferred to the *Annual Raffle Summary*.

PADDLE WHEEL RAFFLE SUMMARY INFORMATION

TYPE OF RAFFLE:

This form was designed to be used for a members-only paddle wheel raffle. This type of raffle is an "alternative format" raffle. Therefore, in addition to having a raffle license, you must request and receive permission in writing from the Gambling Commission in order to conduct paddle wheel raffles. They are usually conducted as follows:

- The raffle is held on a regularly scheduled night of the week (For example: every Friday night).
- Equipment used is a wheel with numbered spaces on it and corresponding numbered paddles.
- The paddles are sold for a certain amount (not to exceed \$25) immediately prior to the spin of the wheel. The wheel is spun when all the paddles (or as many paddles as possible) are sold. The person who has the paddle which matches the number spun on the wheel is the winner.
- The number of spins of the wheel may vary each time, depending on how many paddles can be sold or how many prizes are available to be won.
- There are no expenses other than the cost of the prizes awarded that night. Usually the same prizes are awarded each week (For example: steaks).

DISCLOSURE:

The following information shall be disclosed in writing (a posted sign is sufficient) to the participants at the point of sale:

1. Name of the organization
2. Date (Example: every Friday)
3. Time (Example: 4pm to 9pm)
4. Location (Example: club lounge, etc.)
5. Cost per paddle (Example: \$1 each)
6. Description of prizes (Example: steaks)
7. House rules governing what will happen if all paddles on the wheel are not sold.

RECORD KEEPING:

Raffle records, as well as supporting invoices for the purchase of prizes, must be maintained for a minimum of three years.

Once complete, the information on this raffle summary should be recorded on the *Annual Raffle Summary* form.

NOTE:

Your organization is responsible for complying with all RCW and WAC raffle rules.

HELPFUL “HOUSE RULES” FOR RAFFLES

Many times there are situations that arise in raffles that are not specifically addressed in the raffle rules. Here are some situations that have been reported by licensees and suggestions as to how to handle them.

Can I allow members and/or officers of my organization to purchase tickets in our raffle?

A lot rests on the perception of the public and how your organization chooses to handle this issue. Often there is an assumption that purchasing tickets is another way that the membership supports the fund raising efforts of the organization. However, if a valuable prize is won by a member or someone on your executive board, be prepared for negative comments.

As long as your procedures for safeguarding and drawing winning tickets are fully disclosed and conducted in an open manner, the public should be less likely to feel there was some sort of collusion or fraud involved.

If your organization chooses to limit purchases within your membership, be sure this information is disclosed to those members so there will be no hard feelings or misunderstandings. You may also wish to print this information on your raffle ticket.

How do we choose the person to draw the winning ticket?

Your best option may be to have someone independent of your organization draw the ticket; perhaps a local dignitary such as the mayor, police chief, or church leader. You want to avoid any perceptions of impropriety.

What would the public think if your organization’s president drew his/her own ticket or that of a family member? This relates again to perceptions.

What should we do if no one claims the prize?

The law has a term called “due diligence.” This is the standard that you should follow to indicate that you made an honest effort to locate the winner. The greater the prize, the more “diligence” you should be able to show.

We suggest that you send a certified or return receipt letter to the address on the winning ticket. The letter should state that the winner must respond within a specific (and reasonable) time period in order to claim the prize or it will be forfeited back to the organization (or given to another purpose such as a local charity)

If the person responds that the organization may keep the prize, you may wish to issue a receipt to the winner to indicate they have made a charitable donation to the organization.

If the letter is returned as undeliverable, run an ad in the local newspaper. Retain the evidence of all these attempts along with the rest of your raffle records.

If a prize is unclaimed, can the person with the next winning ticket claim the prize?

We only recommend that you do this if the raffle is conducted in the format of “need to be present to win.” The winner has a reasonable time to come forward during the drawing, and, if not, the organization can draw the next name to claim the prize.

It would be logistically impractical to attempt to contact all winners subsequent to an unclaimed prize and start “trading their prizes up.” You would also have to deal with the problem of redeeming previously claimed prizes to redistribute them.

If your organization has made reasonable efforts to identify a winner and deliver the prize, but is unsuccessful, you are required to make the proper notation within your raffle records and retain the prize for proper disposition. Proper disposition must be in keeping with the organizational purposes of the organization. Do not simply tell your raffle manager to take the prize home unless there is some way you can justify that to your organizational purposes (and that is unlikely).

Remember to fill out the prize inventory log as required. You may choose to award the prize in another gambling activity such as a bingo game or sell it. If you sell it, be sure that you do not select a price that is less than a fair market value.

Which prize should we draw first?

Traditionally, the highest valued prize is drawn first. However, there is no rule for which prize is drawn first.

You may want to draw the highest prize last for the suspense factor. In the past, there have been complaints about using this method, too. It was pointed out that since you drew a ticket for one of the lower prizes before the highest valued prize ticket was drawn, that early-drawn ticket was removed from the chance to win the large prize.

One way to accommodate this type of complaint, yet keep the suspense factor, is to draw the tickets first, then announce them in reverse order. If you do this, be sure that the tickets cannot be switched or you will likely receive complaints.

If we don't want to deal with unclaimed prizes, may we draw back-up tickets?

Yes, but again, be sure you retain good control regarding the order in which the extra tickets were drawn.

If someone chooses not to claim an expensive prize, you may have a problem if a back-up winner feels that you picked someone else out of order over them to claim the prize.

Remember, you are not required to give the unclaimed prizes to anyone other than the original winner. Your organization may retain the unclaimed prize and use it again for another raffle, provide it as an item for bid in an auction, or sell it at fair market value. Be sure to complete the prize inventory log to indicate the eventual use for the item. For example, if you have stuffed toys left over and donate them to a local hospital, request documentation of the donation from the hospital.

Whatever use the prize is put to, be sure that it meets your organization's stated goals and purposes. Any revenue raised belongs in your organization's bank account.

What should I do if the winner does not want to accept the prize?

That is certainly the prerogative of the winner. Because the winner now owns the prize, if it is given back to the organization, it qualifies as a charitable donation. If the item has a substantial value, it would be appropriate to issue the winner a letter or receipt that could be kept for their tax records.

The winner would have the option to take the prize and give it to a friend or family member. If you would really rather not deal with having the prize returned, you may wish to suggest these other alternatives to them.

What should I do if I cannot read the information printed on the raffle stub?

It would be a good idea to state that winner information must be CLEARLY printed in order to ensure that winners can be contacted. You should also train your ticket sellers to review the tickets for clearly written names and addresses. Sometimes abbreviations that are commonly known in one community will mean nothing to those conducting the raffle.

Are there ways we can increase our net return by cutting down on some of the expenses?

The most obvious method of cutting down on expenses is finding sponsors who will donate prizes or sell them to you at a reduced cost. Anyone donating a prize for your raffle will probably request that you give them positive publicity by noting their donation on the advertising for the raffle and/or on the raffle tickets. You should also be prepared to give the sponsor a receipt for their tax records.

Another method to off-set costs is to approach local vendors to help with the cost of printing tickets. They may be interested in paying for the printing costs if you allow them to place promotional coupons for their product on the back of your raffle tickets.

If you have any questions or comments regarding the information in this handout, please contact one of our field offices:

Tacoma.....(253) 671-6280
Everett.....(425) 304-6300
Spokane.....(509) 325-7900

SUGGESTIONS FOR AVOIDING DOUBLE SALES/USE TAXATION ON A VEHICLE WON IN A RAFFLE

Assuming the organization conducting the raffle (licensee) paid the sales tax on the vehicle, as required by WAC 230-11-065, the winner must bring the following documentation to a local Department of Revenue office:

1. Documentation showing that the sales tax has been paid. It should include the following:
 - a. The cost paid for the prize/vehicle; and
 - b. The amount of sales tax paid for the prize/vehicle.

A copy of the completed sales invoice is usually sufficient.

2. Title/Registration showing the winner now owns the prize/vehicle.
3. Documentation showing that the vehicle was won by the winner during a raffle. A letter or something from the licensee stating such is sufficient.

The Department of Revenue will then fill out a "Declaration of Use Tax" form which will waive the sales/use tax. The winner will not have to pay any sales/use tax on the vehicle.

This information comes from the Department of Revenue (DOR). If you have any questions, contact your local DOR office or call 1-800-753-5525.